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Spotlight on State Actions & Investments in the Early Childhood Workforce

Fall 2024

During their 2024 legislative sessions, states shone a spotlight on the early childhood education (ECE) workforce, and grappled with a number of challenges facing early childhood. The expiration of federal stabilization dollars and subsequent expiration of supplemental child care funds as well as reductions in the supply of high-quality child care created the conditions for an especially critical year for states to choose whether and how to invest in early childhood educators and the families and young children they support.

Many of the resulting legislative proposals and funding reflect and align with the recommendations in the Unifying Framework for the Early Childhood Education Profession, which calls for

- compensation that a) includes a thriving wage and benefits such as healthcare, retirement and paid leave and b) pay parity for educators working across age groups and ECE settings
- simplified ECE career lattices that align with the ECE designations in the Unifying Framework and to support educators' ability to navigate and be recognized for progressing in their careers
- adoption and adaption of agreed-upon standards and competencies that define what early childhood educators should know and be able to do
- increased educator access to ECE credentials such as through scholarships, grants, loan forgiveness, credit for prior learning
- supports for ECE higher education programs to ensure that postsecondary pathways are accessible and high quality
- streamlined state governance to make it easier for providers, educators and families to navigate the ECE systems and to allow more funding to be targeted to them rather than to administrative upkeep
- an early childhood system that is primarily funded through public investments at the federal at state level to ensure adequate investments in professional compensation, preparation, and other supports for the profession.

As states have wrapped up their legislative sessions for the year, we have compiled a sample of state legislative and budgetary actions related to the early childhood workforce. While not exhaustive, these examples demonstrate the broad scope of policy and funding actions across states, highlighting both promising steps to support early childhood professionals, as well as challenging trends. Governors started off the year expressing strong interest in supporting early childhood, and in many states, this translated into significant new investments for the workforce, and in other components of the child care subsidy system, pre-kindergarten, Head Start, and improvements in quality. We found that State legislatures also demonstrated interest in making it easier for child care workers to access subsidies, improving approaches to governance, and helping to prepare the early childhood workforce in ways that support the Unifying Framework.

This compilation of legislative and budgetary actions can be seen as a companion to other compilations[1] of state legislative actions in early childhood. Taken together, they demonstrate the opportunities to create more cohesive, effective and sustainable ECE systems, with priority given to needed supports for the ECE workforce in centers, schools, and family child care homes.

1. See other compilations from Child Care Aware of America, Prenatal-to-3 Impact Center, and First Five Years Fund.

Setting the Stage: Governors Prioritize the ECE Workforce

This year, many Governors and state leaders acknowledged and voiced support for addressing early childhood issues. At least 29 Governors across the political spectrum mentioned early childhood, in varying degrees and detail, in their State of the State Address and/or Fiscal Year 2025 Budget Address and proposals. Below are just a few examples of Governors specifically calling for investments in the education, compensation, and support of the early childhood workforce (*note: these proposals are not necessarily reflective of the states' final enacted budgets*).

- California Governor Gavin Newsom focused on the recent collective bargaining agreement with child care providers, which includes funding for retirement savings, as well as efforts to move to an alternative methodology for estimating true cost of care.
- Connecticut Governor Ned Lamont focused on additional compensation for early childhood educators and increased reimbursement rates for child care centers and family child care homes.
- Kansas Governor Laura Kelly called out the need for funds to increase early childhood educator compensation.
- Massachusetts Governor Maura Healey focused on continuing the Commonwealth Cares for Children grants so that for programs can increase staff compensation and invest in program quality.
- New Mexico Governor Michelle Lujan Grisham called out educator pay, proposed a wage and career ladder for early childhood professionals, and elevated a focus on increasing the supply of infant and toddler care.
- Pennsylvania Governor Josh Shapiro included a focus on funds to recruit and retain pre-k educators.
- Virginia Governor Glenn Youngkin included direct-to-educator payments within a comprehensive and multi-year investment in child care and early learning.

Budget Wins: A Bipartisan Group of States Invest Their Own Funding in ECE Compensation and Other Supports

In many states, early childhood advocates have successfully worked with their legislatures and state agencies to maintain and expand investments in ECE workforce compensation that were initially made through the temporary federal relief dollars. A number of final state budget agreements will increase wages and access to benefits and support for early childhood educators, including:

- Alaska passed $7.5 million to provide operating grants to child care providers.
- Connecticut passed investments that include $1,800 in one-time payments to all educators and address educator certification issues.
- Georgia passed budget wins including almost $10 million for child care subsidies to support increased reimbursement rates for providers, as well as an additional $2,500 to the base salary of early childhood special education educators. The final budget also included an historic $97 million increase in Lottery funds for Georgia's Pre-K Program, which will go toward improving pay parity.
- Illinois increased early childhood funding by almost $250 million, including $158.5 million for Smart Start Workforce Grants to provide wage increases and grow the child care assistance program and $75 million increase to create 5,000 new public pre-k slots, including in centers and family child care homes.
- Kentucky lawmakers passed a state budget that includes increased funding for early childhood by $62.9 million, which includes support for continuing to provide child care assistance for child care staff and funding for a benefits cliff transition program.
- Maine passed a final supplemental budget that includes $12.9 million for early childhood, including one-time child care provider stability grants and technology changes necessary to implement recent state and federal policy changes that support provider stability.
- Maryland passed unprecedented investments in child care, with $218 million in new funds for FY2024 and $270 million in new funds for FY2025.
- Massachusetts invested an additional $30 million in state dollars in early childhood for FY25. For the second year in a row, the state's C3 stabilization grants were fully funded ($475 million), and they became permanent. The state will also dedicate $65 million to reimbursement rate increases for providers.
- Michigan passed $65.1 million for a 15% reimbursement rate increase to child care providers, which can help programs keep pace with a need for wage increases.
- Minnesota invested hundreds of millions in new state dollars toward early childhood in FY25, initially passed in 2023 through landmark funding and legislation packages totaling over $1 billion in early childhood

over FY24-25. Notably, the state allocated $206.4 million in new funds for the Great Start Compensation Support Payments to provide monthly payments to providers (centers and family child care) to fund increases in compensation and benefits for educators.

- Missouri allocated almost $55 million to increase reimbursement rates for child care providers, moving infant toddler rates to the 100th percentile of market rate and preschool and school-age children to the 65th percentile.
- New Mexico, while protecting their Early Childhood Trust Fund, and increasing funding for child care subsidies ($75.7 million), pre-k ($17.6 million), and Tribal early childhood programs ($3.3 million), also dedicated $5 million specifically for a child care wage and career ladder.
- Rhode Island passed a 5% subsidy reimbursement rate increase for child care centers, aligned with rate increases to family child care providers negotiated through collective bargaining, and the state dedicated over $7 million in new state funds to RI Pre-K.
- Vermont dedicated $125 million in additional state funding for FY2025, the full amount appropriated for year two investments of the historic legislation passed in 2023. This funding will continue to increase provider reimbursement rates toward the actual cost of providing care, as well as increase child care assistance income eligibility thresholds and lower family copayments. Vermont has already seen the increased reimbursement rates lead to increased compensation and stability for many early childhood programs. For FY25 and onward, this increased investment is funded by increased base state budget and revenue from a new payroll tax.
- Virginia passed historic state investments in early childhood, with $366 million in FY2025 and $461 million in FY2026. These funds will go to the state's child care subsidy program, mixed delivery program, and state funded pre-k program; reimbursement rates will be based on Virginia's cost of quality methodology, incentivizing competitive compensation for educators.
- Washington dedicated supplemental funding to reimbursement rate increases for infants and toddlers ($5.6 million), to address the increased costs of running and staffing infant toddler rooms. The state also passed supplemental funding for more Infant Early Childhood Mental Health Consultation ($1.75 million), and bonuses for providing care during nontraditional hours ($772,000).

Washington, D.C. faced significant challenges when the Mayor's FY25 budget proposed eliminating the Early Childhood Educator Pay Equity Fund, which was put into place in 2022, and is funded by a tax increase on the District's highest income residents, passed by the DC Council in 2021. The Pay Equity Fund provides significant wage increases for early childhood educators, ranging between $5,000-$14,000 annually, and no- and lower-cost health insurance premiums for the field. Advocates testified, held rallies, and garnered media attention to push back against cuts by highlighting the benefit to the workforce. Advocates successfully got the DC Council to fund the Pay Equity Fund at $70 million for FY2025. This is still below their target ($87 million spent in FY24), so there will be tough decisions ahead, but maintaining a majority of the funding was a huge win for DC.

ECE Themes and Trends in State Policy

Looking to legislatures across the country, we saw several themes related to the ECE workforce across bills that were introduced and/or adopted this year.

Child Care Assistance for Child Care Staff

In addition to wages, states and advocates are increasingly considering opportunities to expand access to an array of benefits, critical components of professional compensation for the field. Notably, many states have sought to implement **categorical eligibility for child care staff** – in other words, making child care staff eligible for child care subsidy assistance regardless of income – to retain educators and remove that financial burden from a workforce already underpaid. Some examples of categorical eligibility and related policies include:

- Arkansas pursued categorical eligibility through an administrative waiver process, rather than legislatively, at the beginning of 2024. Those working in licensed or registered child care programs, regardless of income, can now qualify for child care assistance.
- **Iowa** legislators approved an extension of a categorical eligibility pilot, enacted in FY24, through June 2025.
- Indiana passed legislation making child care staff with incomes up to 85% of the State Median Income (SMI) eligible for child care and pre-k assistance.
- Kentucky, the first state to adopt categorical eligibility in 2022 with federal relief funds,

appropriated state dollars to continue this policy moving forward in the state's final budget.

- Maine dedicated $2.5 million in state general funds annually for FY25 and FY26 to fund its categorical eligibility initiative passed in 2023. All staff roles in all types of licensed child care, including family child care, are eligible to apply for assistance for their children, whether they are enrolled at the program where they work or a different licensed program. There are additional requirements for eligible child care programs, including participation in Rising Stars for ME, as well as the state's workforce registry and the Salary Supplement Program.
- New Hampshire passed a bill requiring the state agency to compile a report and budget proposal, to be submitted this fall, for a categorical eligibility pilot program.
- Rhode Island is continuing its pilot through July 2025, which provides eligibility to child care staff with incomes up to 300% of the Federal Poverty Level (FPL).
- Utah passed legislation providing child care eligibility to children with at least one parent working in licensed child care, regardless of income.
- Washington extended eligibility to employees working in regulated child care, the state's early learning programs, and Head Start/Early Head Start programs with incomes up to 85% SMI.

Unified Governance

States have prioritized changes to the governance and administration of the many early childhood related programs across state agencies serving children and families. While not a silver bullet, streamlined governance, as called for in the Unifying Framework and several other policy proposals, can provide the simple, transparent system that helps providers navigate administrative and operational processes, and streamlined funding sources can better ensure aligned, commensurate compensation for educators across settings.

- Connecticut passed legislation establishing Early Start Connecticut, which combines three early childhood state funding streams — School Readiness, State Head Start Supplement, and Child Day Care — into a single program, starting in July 2025.
- Illinois established a new stand alone, comprehensive Department of Early Childhood, moving programs from several existing agencies under one roof starting in FY2027. The state committed $14.2 million in operational funding for the new department in the FY2025 state budget to start the transition process.
- **Kansas** proposed a standalone Office of Early Childhood agency to oversee programs currently in several different agencies, though this legislation stalled in the Senate.

Deregulation

In addition to the positive ECE legislative actions across states, we also continue to see concerning efforts to deregulate child care. While often positioned as a solution for addressing child care supply and workforce shortages, NAEYC research and resources demonstrate that strategies such as increasing child to educator ratios, increasing group sizes, and reducing educator qualification requirements actually exacerbate the shortages. The negative impacts on the health and safety of children and staff result in worsening working conditions which contributes to educator attrition. Despite advocacy in opposition from the early childhood field, this type of deregulation has been floated and introduced in several states. For example:

- Utah passed legislation that made licensure/registration optional for family child care providers caring for up to 8 children. The language calls for capping the number of children under 2 in these unregulated homes and requiring background checks. However, the enforcement ability is unclear given the state agency does not have oversight over these unregulated providers.
- **West Virginia** introduced legislation to loosen ratios, but advocacy from the early childhood community demonstrating a lack of support for and the ramifications of such actions successfully prevented the legislation from moving forward this session.

Other ECE workforce legislative efforts include:

- Connecticut passed legislation that expands child care incubators, piloted in the past year and now expanding to up to 20 incubators statewide, to allow aspiring child care providers to operate in a shared space to reduce their costs and gain capital before starting their own program.
- Illinois appropriated $5 million for the state's Early Childhood Access Consortium for Equity scholarship program for early childhood educators.
- Minnesota lawmakers passed legislation to provide grants for educators to complete their Child Development Associate (CDA).

- **Rhode Island** passed the RI Early Care and Education Workforce Act to create a state workforce registry and require an annual state report on early childhood workforce demographics and trends.
- **Virginia** passed legislation attempting to address background check delays for early childhood staff, without compromising safety.

Federal Context, Next Steps, and Opportunities

Concurrent with implementing new policies and funding from the legislative cycles, states will also be making administrative policy changes to align with the new requirements in the recently finalized rules for the federal Child Care and Development Block Grant (CCDBG). The changes in the final rule include new requirements states will have to meet to 1) lower families' child care costs; 2) improve child care provider payment rates and practices; and 3) simplify subsidy eligibility and enrollment. Earlier this summer, states submitted their CCDBG State Plans for FY25-27 that incorporate the new requirements, and the plans will go into effect October 2024. While we did see some states take action aligned with these provisions this year, it is likely that we will see more legislative action next year to support implementation of the new requirements, and we also anticipate seeing state advocates requesting increased funding in state budgets to cover the cost of implementing these changes. For more details on the CCDBG changes and available waivers for delayed state implementation, see **this resource** from NAEYC, Center for Law and Social Policy, Child Care Aware, and National Women's Law Center.

While we continue to see states prioritizing these important investments in early care and education, federal investments remain critical to addressing the needs of the workforce and advancing the child care industry long-term. Currently, the 118th Congress is working through the appropriations process for fiscal year 2025 to determine funding levels for critical early childhood programs such as the Child Care and Development Block Grant (CCDBG), Preschool Development Grant Birth through Five (PDG B-5), Head Start, Individuals with Disabilities in Education Act (IDEA) Part B (Early Childhood Special Education) and Part C (Early Intervention), and Child Care Access Means Parents in School (CCAMPIS). Thanks to strong bipartisan leadership in Congress, many of these programs have seen significant appropriations increases in recent years, but still fall far short of meeting the existing need. At the same time that we are supporting increased investments in existing programs and systems, NAEYC continues to advocate for the transformative investments and policy change needed to achieve our vision of ensuring every child has access to high quality early childhood education opportunities supported by well-trained, supported and compensated early childhood educators.

Because of the tireless and effective work of NAEYC affiliates, advocacy partners, early childhood educators and allies in Governors' offices and state legislatures, there are many legislative wins to celebrate for the ECE workforce! As always, though, the drumbeat for investing in the ECE workforce must continue. With states moving toward implementation of new policies and funding, advocates and educators should be watching and weighing in on how changes and resources will be enacted. As always, the NAEYC Policy Team is here to support state affiliate and advocacy partners in these efforts. You can reach Maria Estlund, State Policy Specialist, at **mestlund@naeyc.org**, and Paola Andujar, Senior Policy Specialist, at **pandujar@naeyc.org**.